

Stocks

DGEN	1.49%
3,070.75	
CSCX	1.55%
5,937.13	

Asian Markets

MUMBAI	0.43%
15,250.2	
TOKYO	2.08%
13,888.60	
SINGAPORE	0.87%
3,020.15	
SHANGHAI	2.21%
2,957.53	

Currencies

	Buy TK.	Sell TK.
USD	68.15	69.15
EUR	103.98	108.57
GBP	131.76	136.91
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

Commodities

	Buy TK.	Sell TK.
Gold	\$ 870.76	\$ 870.76
Oil	\$ 136.99	\$ 136.99

SOURCE: AFP

More News

It's tiffin time



Across Dhaka thousands of men and women get up in the early morning hours to prepare lunches for the city's growing band of hungry office workers. While it may seem like the simplest of tasks, the ability to put tens of thousands of meals on the desks of individual customers every work day is a logistical achievement.

B-4

Budget implementation hinges on stability: FBCCI

Terming the proposed budget for 2008-09 fiscal as populist, the country's apex trade body FBCCI yesterday said its successful implementation is highly dependent on peaceful political situation.

B-3

International

Social stability to help China economy grow

China's economy can maintain a steady growth above 8 percent for a relatively long period because of a stable society, a vast market and ample capital, officials said. They said the economy can stay on the first developing track if they work hard and pay enough attention to the prevailing problems.

B-4

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Dearth of skilled workers to hit garment growth.

Warn industry leaders

REFAYET ULLAH MIRDHA

The ready-made garment industry, the sector that accounts for 75 percent of the country's exports, is facing an acute shortage of skilled labour, with industry leaders warning the problem will seriously hamper future growth.

According to figures from two of the country's major trade associations the RMG sector is now facing a 25 percent shortfall of skilled workers and it will take several years to set up courses and institutions to provide the necessary human resources.

The alarming figure was revealed in a study by the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and backed up by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

According to factory owners the dearth of skilled workers is due to several factors. They many experienced women workers quit the factories after they marry in order to raise their families. Women make up 80 percent of the RMG workforce.

Skilled men on the other hand often use their solid employment records as a springboard to work abroad. Labour leader said the willingness of skilled workers to leave the trade reflected the lack of social recognition of garment jobs, low wages and poor working conditions.

Another factor causing the shortage has been the rapid growth of the industry. In the 10 months to April 30th exports of RMG products were up 15 percent as opposed to what it has



A file photo shows workers busy at a readymade garment factory. As per figures from two of the country's major trade associations the RMG sector is faced with a 25 percent shortfall of skilled workers and it will take several years to set up courses and institutions to provide the necessary human resources.

been a year earlier and factory owners are reporting continued robust orders.

Recently, owners of Noman Group, Standard Group, Nassa Group and Viyellatex Group, few of the country's largest RMG exporters, announced

major recruitment drives in order to hit export targets. All have complained that they are not getting skilled manpower for running their factories.

Nurul Islam, Managing Director and Chairman of Noman Group, said

the company was seeking to employ an additional 8,000 staff. Although many of these position are for non-skilled and semi-skilled workers many of the key roles need to be filled by skilled workers.

"I am really feeling the shortage of

skilled manpower in the local labour market," Nurul Islam said.

"I have had to hire highly skilled workers from Pakistan and the Philippines to run my factories," he said.

President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Anwar-Ul-Alam Chowdhury Parvez said the dropout rate of garment workers is 35 percent a year.

He said the dropout rate is higher in the case of female workers as they go back to their family life after marriage. At present, of the total number of 2.4 million garment workers 80 percent are women workers, he said.

Against this backdrop both BGMEA and BKMEA have set up several training centres.

The BGMEA runs 6 training centres in Dhaka, Gaibandha, Bogra and other districts to train up to 120 workers per month in each centre.

"We are going to set up three more training centres in Mymensingh, Sirajganj and Tangail this month to train more workers for the factories," Parvez said.

Parvez said they have a target of exporting RMG products worth US\$25 billion a year by 2013, but this will only be possible if skilled manpower, political stability and smooth supply of gas and power in the factories can be secured.

BKMEA opened a centre in Rangpur last March to train up 120 workers a month and is looking to set up additional centres at Savar.

reefat@thedailystar.net

BB goes slow to raise paid-up capital of leasing firms

Wants to avoid unwanted disturbances in capital market

SAJJADUR RAHMAN

Bangladesh Bank (BB) is going slow with its move to raise the paid-up capital of leasing companies from Tk 25 crore to Tk 100 crore to avoid any unwanted capital market disturbances, sources said.

"The BB has decided to raise the paid-up capital base of leasing companies in order to bring their capital base on a balance with that of the banks," a senior BB official said yesterday.

Presently, mandatory paid-up capital requirement for individual banks stands at Tk 200 crore, while only Tk 25 crore in paid up capital is required to open up any leasing company, when the fact remains that its business is almost similar to that of any bank.

"But we are not hurried. We are going slow, because a rapid implementation of any decision in this direction may harm the capital market and small investors," the official said.

There are two possible ways to expand the paid-up capital base of any leasing company, by issuing right shares or declaring bonus shares.

"Vested quarters may try to influence the capital market by holding or purchasing shares of the leasing companies for more profits," the BB official said.

The BB would take about three months to send the pro-

posal for issuing an SRO (statutory regulatory order) in this regard to the finance ministry. Raising the paid-up capital of leasing companies does not require the finance ministry's prior approval, but the central bank must notify the ministry formally.

Leasing business was allowed in Bangladesh for the first time in 1985 with Tk 10 crore as mandatory requirement for paid-up capital for opening any individual leasing company. This initial mandatory capital base requirement was then enhanced to Tk 25 crore in 2000-01. According to industry sources, at least three leasing companies are yet to raise their paid-up capital to Tk 25 crore.

Presently, there are 29 leasing companies operating in the country with an average investment of Tk 3,000 crore a year, according to Anis A. Khan, managing director and chief executive officer of IDLC Finance Limited. The outstanding long-term capital investment of the leasing companies now stands at around Tk 10,000 crore, Khan, who is also the chairman of Bangladesh Leasing and Finance Companies Association, said.

The BB has been working on to implement Basel II accord, the latest version of risk-based capital standards set for banks worldwide, by early 2009.

Each bank must raise its

paid-up capital to Tk 400 crore from the existing Tk 200 crore after the implementation of Basel II accord, according to the central bank.

"Business of leasing companies is almost similar to that of the banks. So, there has to be a balance in the extent of the paid-up capital of banks and that of the leasing companies," the BB official said.

Banks lend and collect deposits, same as what the leasing companies do, the official remarked.

"Each of the companies will be given almost three years' time to raise their paid-up capital to Tk 100 crore," the BB official said.

S Arefin, managing director of Uttara Finance, the leading leasing company of the country, termed the BB's move as 'a good one', but said they need time to implement the decision.

The main business of any leasing company is to channel resources to capital investment. The companies have also diversified its products and services to other areas such as housing and real estate, bridge financing, short and mid term loan disbursements, and funding working capital to cater to the divergent needs of the economy. The companies have also started financing of small and medium enterprises (SMEs).

sajjad@thedailystar.net



AFP

An Indian policeman scuffles with a Kashmiri employee as police use a water cannon during the third day of protest by Kashmiri government employees in Srinagar yesterday. The entire transport network in Indian-administered Kashmir came to a halt on June 9 following a state-wide five-day 'wheel jam' call given by traders, business chamber and transporters to protest against the recent oil price hike.

Jeddah summit to talk high oil prices amid global protests

AFP, London

A meeting due June 22 in Saudi Arabia for the world's biggest oil producers and consumers to discuss record-high crude prices will be at head-of-state level, Opec chief Abdullah al-Badri said Wednesday.

But US President George W. Bush is not scheduled to attend the summit, the White House said Wednesday, while British Prime Minister Gordon Brown said Thursday he will join the talks.

"The meeting in Jeddah will be the head of states and they will discuss why we have high energy prices," Badri told AFP. "I will travel to Jeddah in order to work on it with (Saudi)

King Abdullah," the British PM said, adding that he was also ready to host a follow-up conference in London 'if necessary'.

The White House has said the US would take part in the meeting, but did not confirm who would represent the country, said a report from Washington.

Opec Secretary General Badri would not be drawn on which heads of state would attend the one-day gathering announced by Saudi Arabia after the oil price struck a record high 139.12 dollars a barrel.

Opec maintains that the oil market is well supplied and that current prices do not

reflect market fundamentals of supply and demand.

Another report from Madrid said global fuel protests are escalating, with auto plants and airlines being hit hardest.

Auto plants in Spain were paralysed and Portugal's main airport banned planes from refueling Wednesday, while haulers in Thailand also threatened to strike next week and their counterparts in South Korea plan to stop work on Friday.

Thousands of truck drivers launched stoppages in France, Portugal and Spain on Monday and the UK is also finalising contingency plans to deal with a four-day strike by oil tanker drivers.

UNDISCLOSED MONEY

NBR tags new condition for legalising money

STAR BUSINESS REPORT

The people willing to legalise undisclosed money should give undertakings to the government that the money they want to whiten is legally earned, according to a draft circular prepared by National Board of Revenue (NBR).

This condition has been set this year unlike the previous years, as Anti-Corruption Commission (ACC) and some quarters of civil society raised questions over allowing such actions, for it goes against the spirit of campaign against corruption, said an NBR official.

The ACC in a recent letter asked the NBR to declare in written that the undisclosed money the board received last year was legally earned.

The NBR, however, failed to make such declaration, as it did not check the legality of the money whitened, sources said.

An official said the NBR will take such undertaking so that the revenue board or other agencies concerned can examine the legality of the whitened money in case of any allegation raised.

The present caretaker government for the second time is going to allow whitening undisclosed money. Finance Adviser Mirza Azizul Islam in his budget speech also mentioned the issue.

Last year, the fine was 5 percent and the timeframe was only two months, while this year the time will be four months July 1 to October 31.

DCCI, DSE seek tax exemption from industrial investment

STAR BUSINESS REPORT

Dhaka Chamber of Commerce and Industry (DCCI) and Dhaka Stock Exchange (DSE) have urged the government not to introduce any tax and penalty on undisclosed money in case it is invested in industrial sector.

"If conditions on investment of undisclosed money is relaxed, a big amount of undisclosed money will be invested in the industrial sector, which will ultimately enhance the velocity of money circulation, augmenting the economic activities of the country," said Hossain Khaled, president of DCCI, told a press briefing to express his organisation's reaction to the new proposed budget in Dhaka yesterday.

The DCCI leaders were also of the view that in the FY 2008-09 the earning from undisclosed money will be dropped, as the time limit for whitening money is only four months.

They also urged the government to make the lowest earning ceiling of income tax at Tk 2.5 lakh from the proposed Tk 1.5 lakh since the cost of living has increased significantly on inflation and price spiral of essentials.

UNB adds: Dhaka Stock Exchange (DSE) operators yesterday urged the government to exempt the holders of undisclosed money earned by legal means from additional penalty if the money is invested in industrial sector.

"The government could exempt such money from additional charges for the betterment of the country's economy," DSE Chief Executive Officer Dr Salahuddin Ahmed Khan said at a post-budget press briefing at the DSE auditorium.